

VZCZCXRO4562  
RR RUEHCHI RUEHCN RUEHDT RUEHHM  
DE RUEHJS #0001 0040953  
ZNR UUUUU ZZH  
R 040953Z JAN 08  
FM AMCONSUL SURABAYA  
TO RUEHC/SECSTATE WASHDC 0134  
INFO RUEHZS/ASSOCIATION OF SOUTHEAST ASIAN NATIONS  
RUEHBY/AMEMBASSY CANBERRA 0062  
RUEHJA/AMEMBASSY JAKARTA 0120  
RHHMUNA/USPACOM HONOLULU HI  
RUEHWL/AMEMBASSY WELLINGTON 0060  
RUEHJS/AMCONSUL SURABAYA 0137

UNCLAS SURABAYA 000001

SIPDIS

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DEPT FOR EAP/MTS, EAP/MLS, INR/EAP, EB/ESC/IEC  
DOE FOR CUTLER/PI-32 AND NAKANO/PI-42  
COMMERCE FOR USDOC 4430

E.O. 12958: N/A

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SUBJECT: EAST JAVA MUDFLOW UPDATE: DAM COLLAPSE INUNDATES HIGHWAY,  
DISPUTE STALLS REPAIRS

REF: SURABAYA 87 AND PREVIOUS

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accordingly.

1. (SBU) Fears that a system of levees and dams containing the mud flow at Sidoarjo could fail during the rainy season were confirmed last night as heavy rains caused the collapse of Dam 64. Local media report that water levels remain nearly one meter high on the Porong Road bordering the mud containment and motorists can expect delays of five or more hours. A geologist from the Sidoarjo Mud Management Agency (BPLS) told Congen Surabaya that the collapsed dam held back only water, not mud, and the main mud containment was not breached. However, repairs have yet to begin due to a blockade staged by local workers demanding compensation for damages sustained in the original 2006 mud flow disaster. BPLS estimates that the toll road could be blocked sporadically into next week if repairs are not made. .

2. (SBU) On January 3, at 10:15 PM water breached an earthen dam near Ketapang village northwest of the mud flow epicenter. A mix of water and mud flowed rapidly into an already abandoned village and spread to the nearby Porong Road. Handoko, a BPLS geologist told Congen Surabaya that existing drainage systems were overburdened and flooding along the toll road trapped dozens of vehicles for hours last night. The water and mud mix flowing out of the breach is not part of the volcanic mud flow but rather a combination of surface soil and water, according to Handoko. However, when knee-high water also crept into an inhabited village west of the toll road late last night, hundreds of residents fled their homes fearing an imminent dam collapse.

3. (SBU) Demands for compensation are hampering efforts to repair the breach. According to Handoko, dozens of former workers from PT. Osaka continue to block BPLS heavy equipment from access to Dam 64. PT Osaka is a defunct rattan factory once located close to the mud flow epicenter. PT Osaka has yet to receive compensation for damages sustained during the initial disaster in 2006 and hope their blockade will force payment. Handoko learned that the Regent of Sidoarjo Win Hendrarso and PT. Lapindo will try to persuade PT Osaka representatives to call off their blockade.

4. (U) The mud flow disaster continues to serve as a backdrop for national political theater. East Java Governor Imam Utomo visited the flooded section of the Porong Road early

January 4. Appearing to point a finger at those responsible, he phoned Nirwan Bakrie, President-Director of Bakrie Group while standing in front of journalists at the flood site. Within earshot of the media, the Governor then asked that Bakrie send a water pump to the site immediately. Nirwan is a brother of Aburizal Bakrie, now Coordinating Minister for People's Welfare.

Before divesting itself, the Bakrie Group once held a controlling interest in Lapindo Brantas, a company widely thought culpable for the mud flow disaster. Governor Utomo also instructed the Chairman of BPLS and the Head of the Sidoarjo Water and Public Works Department to clear the Porong Road of water by Friday, January 4. Additional high level attention might help flood relief efforts as the Minister of Energy and Mineral Resources, Purnomo Yusgiantoro inspects the site on the morning of January 5.

MCCLELLAND